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United States General Accounting Office
Washington, DC 20548

Comptroller General
of the United States

Decision

Matter of: Scientific and Commercial Systems Corporation; Omni Corporation

File: B-283160; B-283160.2; B-283160.3; B-283160.4; B-283160.5

Date: October 14, 1999

Thomas C. Papson, Esq., and Richard P. Castiglia, Esq., McKenna & Cuneo, for Scientific and Commercial Systems Corporation; and Paul F. Khoury, Esq., Scott M. McCaleb, Esq., Eric W. Leonard, Esq., and Daniel A. Silien, Esq., Wiley, Rein & Fielding, for Omni Corporation, the protesters.
Douglas L. Patin, Esq., and Robert J. Symon, Esq., Spriggs & Hollingsworth, for Information Dynamics, Inc., an intervenor.
Vincent A. Salgado, Esq., and Jerald Kennemuth, Esq., National Aeronautics and Space Administration, for the agency.
Aldo A. Benejam, Esq., and Christine S. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

1. Protesters' contentions that agency improperly evaluated proposals are denied where the record shows that the agency evaluated in accordance with the criteria announced in the solicitation, and the record reasonably supports the evaluators' conclusions.

2. Protester's argument that an upward adjustment made to its proposed costs to account for unacceptable reductions in staffing was improper is denied, where the record shows that the agency had a reasonable basis for the adjustment.

DECISION

Scientific and Commercial Systems Corporation (SCSC) and Omni Corporation protest the award of a contract to Information Dynamics, Inc. (IDI) under request for proposals (RFP) No. 3-038038, issued by the National Aeronautics and Space Administration (NASA) for support services at the NASA Glenn Research Center in

Ohio.[1] The protesters primarily argue that the agency's evaluation of proposals and the award decision were flawed.

We deny the protests.

Background

NASA's Glenn Research Center (GRC) defines and develops advanced technology for high priority national needs. The work of the GRC is directed towards new propulsion, power, and communications technologies for application to aeronautics and space to ensure the nation's leadership in these areas. The GRC's end products primarily consist of reports made available to potential users in various fields, including the aircraft engine, energy, automotive, and space industries. RFP § C, at C-1. The GRC is staffed with scientists and engineers who plan, conduct or oversee and report on the research tasks and projects at the facility. The contract contemplated by the RFP is to obtain services in support of those projects.

The RFP for the management operations contract (referred to in the record as the MOC-1 contract) was issued on December 7, 1998 as a total small business set-aside. The RFP contemplated the award of a cost-plus-incentive-fee type contract for a 2-year base period, with up to three 1-year option periods. Id. §§ F.2, L.3; Agency Report (AR), exh. 3, Industry Briefing, Dec. 15, 1998. The RFP identified seven discrete tasks for which the successful offeror is to provide management operations.[2]

Section M.3 of the RFP listed mission suitability, cost and fees, and relevant experience and past performance (REPP) as evaluation factors of equal importance. RFP §§ M.3, M.4.b. The RFP stated that within the mission suitability factor, the agency would evaluate the following subfactors (numerical weights shown in parentheses): quality control (500 points); management plan (350 points); and key personnel (150 points), for a maximum total of 1,000 points. Id. amend. 1, § M.4.a. The RFP stated that the agency would perform a cost analysis in accordance with Federal Acquisition Regulation (FAR) § 15.404, and that the agency would determine a probable cost for each offeror. Id. § M.3 FACTOR-2 COST AND FEES, at M-4. Of the three factors, cost and REPP were not scored, but were evaluated by the source evaluation board (SEB) for consideration by the source selection authority (SSA). RFP § M.2. Offerors were required to submit proposals in three separate volumes: mission suitability (volume I), cost and fees (volume II), and REPP (volume III).

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[1]Previously known as the NASA Lewis Research Center and often referred to in the record as "LeRC." To avoid confusion, we refer to the agency's facility under its current name.

[2]NASA issued the RFP to procure the following services: logistics, imaging technology, scientific and technical publishing, metrology services, library, administrative services, and clerical support. RFP § C.1.

Ten firms, including Omni, SCSC, and IDI, submitted proposals by the respective due dates.[3] The SEB evaluated proposals by assigning point scores and adjectival ratings to each subfactor and an overall adjectival rating (ranging from poor to excellent) under the mission suitability factor, and an adjectival rating under the REPP factor. The agency did not conduct discussions. The following table shows the results of the evaluation for the protesters and the awardee:

Factor/Subfactor	Omni	SCSC	IDI
Mission Suitability	Good	Very Good	Very Good
Quality Control Plan	270	417	483
Management Plan	206	315	305
Key Personnel	38	105	101
Totals	514	837	889
REPP	Good	Excellent	Very Good
Probable Costs (in millions)	$98.8	$100.4	$99.1

AR, exh. 20, MOC-1 Presentation of Final Findings to SSA, June 8, 1999. Based on the results of the SEB's evaluation, the SSA concluded that the proposals submitted by IDI and SCSC, which received the two highest mission suitability scores, were significantly superior to those of the other offerors. AR exh. 23, Source Selection Statement, June 8, 1999, at 12. The SSA noted that IDI's proposal had the highest mission suitability rating, primarily due to its comprehensive quality control plan, the most heavily weighted subfactor within that area. The SSA also noted that IDI had proposed the lowest cost and the second-lowest total evaluated cost, and had received a "very good" rating under the REPP factor. The SSA analyzed the SEB's findings regarding SCSC's and IDI's proposals and noted several meaningful differences between those two firms' proposals. Based on this analysis, the SSA selected IDI for award. These protests followed debriefings by the agency.[4]

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[3]The RFP specified separate due dates for submitting proposal volumes. Volume III, REPP information, including completed past performance questionnaires, was due by February 1, 1999, while volume I, mission suitability proposals and volume II, cost and fee information, were due March 1. Id. § L.15.

[4]As a preliminary matter, IDI requests that we dismiss Omni's protest as untimely, arguing that by postponing its debriefing by 1 week due to a scheduling conflict, Omni failed to diligently pursue the basis for its protest. In support of its position, IDI cites our decisions in Pentec Envtl., Inc., B-276874.2, June 2, 1997, 97-1 CPD ¶ 199 (protest dismissed where protester delayed debriefing for more than 1 month so that it could first obtain and evaluate information under the Freedom of Information Act and so that its president could attend an unrelated business conference and take a vacation), and Professional Rehabilitation Consultants, Inc.,

(continued...)

SCSC's Protest

SCSC argues that the evaluation of its own proposal and IDI's under all evaluation factors was unreasonable. Specifically, SCSC argues that had the SEB properly evaluated its proposal, its point score under the mission suitability factor would have been higher than IDI's. The protester contends that several "strengths" the evaluators noted in its proposal should have been considered "significant," while several weaknesses were improperly assigned. SCSC also argues that the agency improperly made an upward adjustment to its proposed costs.[5]

Omni's Protest

Omni raises various challenges to the evaluation of its proposal under the mission suitability and REPP factors.[6] With respect to the mission suitability factor, Omni argues that the agency unreasonably evaluated its proposal under the quality control subfactor because, in assigning a weakness to its proposal, the evaluators misunderstood the difference between "quality assurance" and "quality control." The

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(...continued)
B-275871, Feb. 28, 1997, 97-1 CPD ¶ 94 (protest dismissed as untimely where protester failed to request debriefing until 2 months after it was informed that it had not received award). Unlike the cases cited by IDI, however, we think that Omni's request to postpone its debriefing by only 1 week does not rise to the level of failing to diligently pursue the information that forms the basis for its protest. Accordingly, its protest, filed on July 19, 1999, within 10 days after Omni received its debriefing, is timely. 4 C.F.R. § 21.2(a)(2) (1999).

[5] In its initial protest, SCSC argued that its proposal should have received "significant strengths" with respect to specific areas such as its process improvements; "[International Standardization Organization]-compliant" system; phase-in plan; and personnel management. SCSC Protest, July 6, 1999, at 21-24. In addition, SCSC challenged the agency's upward adjustment to the firm's proposed costs with respect to task 6 (administrative support) and argued that the agency improperly failed to follow its own regulations in evaluating proposals. Id. at 28-30. SCSC also argued that IDI's proposal should have received "significant weaknesses" for its proposed project manager and its unrealistic supervisory span of control. Id. at 27-28. SCSC expressly withdrew these allegations following receipt of the agency report. Letter from SCSC to General Accounting Office 4-5 (Aug. 23, 1999).

[6] In its initial protest, Omni also challenged the agency's probable cost evaluation and alleged that agency failed to perform a proper risk evaluation of IDI's and Omni's proposals. Omni Protest, July 19, 1999, at 23-27, 30-31. Following receipt of the agency report, Omni expressly withdrew these allegations. Letter from Omni to General Accounting Office (Aug. 17, 1999).

protester also argues that the agency improperly failed to evaluate the majority of the key personnel section of its proposal because the evaluators incorrectly concluded that Omni had exceeded the solicitation's page limitation. The protester also contends that the evaluation of proposals under the mission suitability factor was the result of disparate treatment.

Omni further maintains that the evaluators improperly downgraded Omni's proposal under the REPP factor. In this regard, Omni argues that while the RFP instructed offerors to provide REPP information only for themselves and "major subcontractors," the SEB improperly credited other offerors' proposals under the REPP factor for their description of "minor subcontractors," and improperly assigned weaknesses to Omni's proposal as a result of the absence of such information in its proposal.

Discussion

Our Office will not engage in an independent evaluation of proposals nor make an independent determination of their relative merits. Litton Sys., Inc., B- 239123, Aug. 7, 1990, 90-2 CPD ¶ 114 at 9. Rather, we review the agency's evaluation only to ensure that it was reasonable and consistent with the terms of the solicitation. Sensis Corp., B-265790.2, Jan. 17, 1996, 96-1 CPD ¶ 77 at 6. A protester's mere disagreement with the agency's conclusions does not render the evaluation unreasonable. ESCO, Inc., B-225565, Apr. 29, 1987, 87-1 CPD ¶ 450 at 7. The protesters' various challenges to the evaluation of their own and IDI's proposals are discussed by individual factor and subfactor below. Based on our review of the record, including the SEB's narratives in support of its evaluation, we conclude that the evaluation of proposals is reasonably supported. In this decision, we discuss some of the more significant issues with respect to both protesters' contentions.

Evaluation of Proposals: Mission Suitability Factor
Quality Control Plan Subfactor

The RFP required the successful offeror to produce various reports at specified times throughout performance of the contract. RFP § C, at C-6 through C-9. Under "QUALITY CONTROL," section L of the RFP instructed offerors to describe in detail a plan to ensure that the services would meet the contract's performance standards, and listed several items that offerors should include in their proposals, including:

> f. Reporting--Discuss the processes you would use to ensure timely and accurate completion of all regularly-scheduled required reports, e.g., task-specific, government property, safety, and financial reports. (Emphasis added.)

RFP amend. 1, § L.16, at L-7 through L-8. The RFP further distinguished between administrative and technical reporting requirements. In addition, under the quality control plan subfactor, section M of the RFP explained how the offerors' proposed inspection systems would be evaluated and specifically stated that "[t]he reporting processes will be evaluated based on how well they would ensure all reporting requirements are met." RFP § M.3, at M-2.

SCSC's proposal earned 417 points (out of a maximum possible score of 500 points) under the quality control plan subfactor. The SEB identified two weaknesses in SCSC's proposal under this subfactor—(1) that SCSC's proposal did not adequately describe a process for assuring that reporting requirements under the contract are met; and (2) that employees would share fees for performance below the standard performance level (SPL). AR, exh. 20, MOC-1 Presentation of Final Findings to SSA, June 8, 1999, at 13. With regard to the second weakness, the SEB understood that SCSC proposed to [DELETED]. By contrast, the SEB assessed no weaknesses to IDI's proposal under this subfactor.

SCSC argues that the SEB unreasonably identified the first weakness because SCSC [DELETED]. SCSC Comments, Aug. 19, 1999, at 17-18. SCSC also alleges that NASA improperly assigned a "significant" strength to IDI's proposal for its automated system for reporting. With respect to the second identified weakness, SCSC maintains that the SEB misunderstood its proposal because its incentive plan [DELETED].

Regarding SCSC's reporting, notwithstanding the RFP's specific instructions, SCSC's proposal contained only a very brief section addressing the RFP's reporting requirements. For example, while SCSC proposed [DELETED], the SEB noted that SCSC's proposal contained no discussion of the processes that SCSC would use to ensure that all of the RFP's reporting requirements are met. Nor did the proposal identify the specific reports or their submission dates. The SEB also found that SCSC's proposal did not discuss any process by which SCSC would recognize a reporting requirement and did not include a system of tracking submission dates. Although SCSC's proposal did include a chart listing the required reports and the individuals responsible for generating them, the SEB found that the proposal contained no detailed discussion of the process SCSC would use to ensure their timely and accurate production as required by the RFP. Moreover, SCSC's proposal failed to distinguish technical from administrative reports or to recognize the magnitude of the RFP's requirements.[7] Given the RFP's instructions for offerors to discuss their processes for ensuring the timely production of all required reports, we think that the evaluators reasonably expected a discussion of the offeror's processes for ensuring compliance with all reporting requirements, not a mere listing of the

[7]Administrative reports cover such areas as contract management, metrics, and performance standards. RFP § C.5. Technical reports cover extensive requirements for each of the seven tasks; for task 1, for example, the RFP listed 38 individual reports. Id., at C-18 through C-56.

reports. Since SCSC's proposal provided no such discussion, the SEB reasonably identified this as a weakness.

By contrast to SCSC's proposal, our review reveals that the SEB reasonably found that IDI's proposal provided considerable detail about its processes for ensuring compliance with all of the RFP's reporting requirements. For example, the evaluators were particularly impressed with IDI's proposal to use [DELETED]. Further, contrary to SCSC's assertion, IDI also proposed to [DELETED]. Further, the agency explains that, as contrasted with SCSC's proposal, IDI's proposal clearly acknowledged the important distinctions among the numerous technical and administrative reporting requirements. Finally, contrary to the protester's assertion, the record shows that the "significant" strength assigned IDI's proposal in this area was based on several factors, of which IDI's [DELETED] was but one considered by the SEB.

SCSC further contends that the second weakness identified in this area, regarding its proposal to share the technical performance incentive fee for performance below the SPL, was unreasonable because the RFP does not prohibit sharing incentive fees for performance below the SPL. Specifically, the SEB noted SCSC's proposal to share technical performance fees with its employees when overall contract performance fell below the government's minimum required level of performance, as a weakness. SCSC states, however, that its incentive program provides motivation for its employees to perform at the highest levels and is more advantageous than IDI's.

As relevant here, the RFP explained the technical performance fee adjustment as follows:

> c. <u>Technical Performance Incentive Fee Adjustment</u> The Contractor's Technical Performance Fee shall be determined based on comparison between the Contractor's weighted technical performance score and the related [SPL]. A performance score will be determined at the end of every six months of performance, based on the individual standards and relative weights itemized in Attachment A. For superior (relative to the SPL) performance, the fee will be increased by ___% for every score point, or fraction thereof, above the SPL. For inferior performance, the fee will be decreased by ___% for every score point below the SPL. The maximum fee will be ___% of the target fee, the fee at the Acceptable Quality Level (AQL) is ___% of the target fee, and the minimum fee will be 0.0 %.[8]

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[8]The agency explains that the SPL is the government's required level of performance. Contracting Officer's Statement, (COS), Aug. 6, 1999, ¶ 3.11, at 5. On the other hand, the "Acceptable Quality Level" or AQL, is performance below the SPL and represents the lowest acceptable level of performance. <u>Id.</u>

RFP § B.2.c, at B-7. According to the RFP's scheme, offerors were permitted to set a target fee for performing at the SPL. This provision thus allows for proportional adjustments, either upward or downward, for performance above or below the SPL. The RFP further required offerors to describe how, and at what organizational level, its employees would be held accountable for meeting performance standards. RFP amend. 1, § L.16, subfactor 1.b., QUALITY CONTROL, Accountability, at L-7.

SCSC contends that the evaluators essentially misunderstood its approach. SCSC explains that its incentive program contemplates [DELETED]. SCSC Comments, Aug. 19, 1999, at 10. SCSC argues that the SEB unreasonably assigned a weakness for its incentive plan because its intent is to[DELETED], as the evaluators concluded. Id.

Based on our review of the record, we do not agree with the protester that the evaluators misunderstood its approach. SCSC stated in its proposal that [DELETED]. AR, exh. 9, SCSC vol. I, Mission Suitability Proposal, at SF2 37. Notwithstanding SCSC's argument to the contrary, its proposal does not clearly establish a [DELETED]. Rather, based on the information in SCSC's proposal, the evaluators correctly concluded that under SCSC's plan, [DELETED]. In the SEB's [DELETED] did not indicate that SCSC intended to hold its employees adequately accountable for meeting the performance standards as required by the RFP. In our view, the evaluators' assigning a weakness in this area is consistent with the RFP, which required offerors to discuss how and at what organizational levels their employees would be held accountable for meeting the performance standards. If SCSC intended to implement [DELETED], as it now maintains, it should have more clearly explained it in its proposal.[9]

We now turn to the evaluation of Omni's proposal under the quality control plan subfactor, where Omni's proposal earned 270 points. AR, exh. 20, supra, at 16. The SEB identified two strengths in the proposal, including that Omni proposed to make employees aware of performance requirements and results and the proposed financial incentives to meet or exceed the performance standards. However, the SEB identified three specific weaknesses in this area, including Omni's proposed inspection plan for initiating corrective actions when performance fell below acceptable quality levels. The SEB also found unclear how Omni's proposed inspection methods and frequencies would apply to the specific contract tasks; and that Omni had provided little assurance that the proposed inspection system would

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[9]In a supplemental protest, SCSC alleges that the SEB improperly assigned a strength to IDI's proposal, but not to SCSC's, for its "trained and experienced inspectors." The record shows that the SEB's finding of a strength was based primarily on IDI's emphasis on having trained and certified inspectors, while SCSC's proposal did not. We see no basis to object to the assigning of a strength to IDI's proposal in this regard.

be ready when required. Id. The agency explains that its main concern with Omni's inspection system is that it indicates that Omni lacks a basic understanding of the performance-based nature of the MOC-1 contract.

Omni argues that the agency unreasonably assigned its proposal a weakness with respect to its proposed inspection system because NASA misunderstood the differences between the government's role in conducting "quality assurance" and the contractor's obligation to provide "quality control" in the context of a performance-based contract. Omni Comments, Aug. 16, 1999, at 22. Omni asserts that it recognized this difference, explained it in its proposal, and therefore, should have received a strength, not a weakness, in this area. Omni also argues that the SEB improperly failed to assign a strength to its proposal in this area for its automated system for meeting reporting requirements.

The record does not support the protester's assertion that the weakness assigned its proposal concerning Omni's inspection system was the result of an alleged misunderstanding of the roles of the government and the contractor. The agency explains that while the contracting officer inappropriately quoted from Omni's proposal regarding the roles of the government and the contractor under a performance-based contract, the weakness was assigned primarily because Omni's discussion of its proposed inspection system was too general and lacked any details of the inspections that it considers appropriate for specific tasks. COS, Aug. 6, 1999, ¶ 3.20. In this connection, the agency states that Omni's quality plan is "quite general in nature," is not tied to any specific task, and merely contains a blanket statement that the firm has [DELETED]. Moreover, the agency explains that while Omni stated in its proposal that its inspection system has been tested and proven, the SEB found no contract in Omni's proposal that was sufficiently similar in scope to the MOC-1 contract to conclude that its established inspection system could be applied to the MOC-1 contract without substantial customization. AR, Sept. 3, 1999, at 15. In view of the agency's explanation, we find no basis to object to the SEB's assigning a weakness to Omni's proposal in this area.

Omni also argues that its comprehensive system for reporting should have earned its proposal a strength in this area. In this connection, Omni states that it proposed an [DELETED] as an oversight system to ensure the quality delivery of services, including reporting, that are required under the contemplated MOC-1 contract. Omni Comments, supra, at 30. Omni contends that the evaluation of proposals in this area reflects disparate treatment because NASA failed to assign Omni's proposal a strength while doing so for IDI's proposal, despite "nearly identical automated reporting systems." Id. The protester's contentions are without merit.

The agency explains that unlike IDI's system, and contrary to the protester's assertion that it proposed a "nearly identical automated reporting system," Omni's [DELETED], while IDI proposed a system for tracking required reports. COS, Aug. 6, 1999, ¶ 3.12. In the SEB's view, Omni's system did not constitute a process for ensuring the timely completion of required reports, as required by the RFP. In addition, the agency explains that, despite the RFP's instructions, Omni's description of its system was very generic, and did not relate its system to the individual tasks or the statement of work. By contrast, the agency states, and the record shows, that IDI provided a more detailed description of its automated system in its proposal. In addition, the SEB assigned a "significant" strength to IDI's proposal under the quality control plan subfactor for its excellent quality assurance, including [DELETED] AR, exh. 20, supra, at 13. In light of the RFP's specific instructions to offerors to describe in detail a plan to ensure that the required services would be met, including processes for completing scheduled reports, and the SEB's findings, we see no basis to object to the evaluation of proposals in this area.

Management Plan Subfactor

The RFP specifically stated that offerors' management plans should provide information under the following three elements which would be separately evaluated: phase-in plan, personnel management, and business management. RFP amend. 1, §§ L.16, at L-8 through L-9, and M.3, M-2 through M-4. Under the phase-in plan, offerors were instructed "to provide details of the proposed procedures, methods and techniques to be used to continue the services at required performance standards during the phase-in period, including transitioning of current tasks." Id. at L-8. The RFP further instructed offerors to provide "details as to the staffing of the required complement, including sources of personnel, recruiting methods, and how initial orientation will be accomplished." Id. § L.16, at L-8.

Within the management plan subfactor, SCSC's proposal earned 315 points (out of a possible maximum of 350 points). AR, exh. 20, supra, at 18. Both SCSC's and IDI's proposals received one significant strength each, and several other strengths which the SEB did not view as significant. However, the SEB noted that SCSC's proposal had no detailed discussion of its employee orientation on the new performance-based contract approach, and identified this as a weakness under this subfactor.

SCSC argues that the SEB unreasonably assigned a weakness under this subfactor because its proposal included [DELETED] AR, exh. 9, SCSC Mission Suitability Proposal, vol. I, at SF2 2. SCSC contends that absent this allegedly improperly assigned weakness, the evaluation of its proposal under the management plan subfactor would have resulted in an adjectival rating of "excellent" and a corresponding higher point score.

The agency explains that the evaluators viewed new employee orientation as an important aspect of the management plan, particularly because the RFP contemplated a performance-based contract, as contrasted with the existing contract which is a cost-plus-award-fee effort. COS, Aug. 6, 1999, ¶ 3-19. In light of this difference in approach, the SEB believed that the successful offeror should provide specific orientation to its employees regarding the significance of their effort in a performance-based contract environment. The SEB also concluded that to be most effective, this orientation should be provided during the phase-in period to assure that employees understood the performance standards and begin working towards meeting those standards early on during contract performance. The SEB found, however, that SCSC's proposal did not adequately address employee orientation during the phase-in period.

While SCSC's proposal included a [DELETED], our review of the proposal reveals that beyond that brief presentation, SCSC provided no detailed discussion on employee orientation. In fact, the employee orientation section of SCSC's proposal consisted of four rather vague, very general sentences such as [DELETED] as AR, exh. 9, supra, at SF2 3. In our view, given the significant differences in the nature of the contractual vehicle contemplated by the RFP, the agency reasonably concluded that such cursory treatment of employee orientation during phase-in clearly fails to provide the level of detail of the offeror's proposed procedures, methods and techniques as called for in the RFP.

In further support of the evaluation in this regard, the proposal states that SCSC's [DELETED]. Further, while SCSC's proposal generally lists the areas to be covered during orientation, it fails to mention the transition to the performance-based nature of the MOC-1 contract, which the SEB viewed as a significant change from the existing contract. Since the existing contract is not performance-based, the SEB considered it important for offerors to specifically address in their proposals how all employees, particularly [DELETED], would be fully briefed on the new performance-based requirements of the contract. In view of the differences between the current contract and the MOC-1 contract, the SEB reasonably concluded that even if SCSC were to [DELETED], it was important that the proposal explain how those employees would be provided adequate orientation to ensure their full understanding of the performance-based nature of the MOC-1 contract. Based on our review of the record, including the RFP's instructions, we think that the evaluators reasonably considered SCSC's failure to provide more emphasis and details in its proposal on employee orientation, to be a weakness.

SCSC contends that the SEB unreasonably assigned a strength to IDI's proposal for its government/contractor interface, but did not assign SCSC's proposal a similar strength despite the fact that, according to the protester, there is no meaningful difference between the two proposals in this area. In this connection, the record shows that SCSC's proposal described various "possible" government/contractor interfaces, AR, exh. 9, at SF2 44, which the evaluators did not find particularly worthy of a noting as a strength. By contrast, IDI's proposal identified direct interfaces with key agency officials such as, for example, the safety office. The agency explains that IDI's proposed level of interaction between the government and contractor personnel indicated a greater understanding of the importance the agency places on quality control, safety, and diversity. The SEB thus found that IDI's level of interface at the organizational levels described in its proposal simply would result in more effective communications on these important issues, resulting in the SEB's reasonably assigning a strength to IDI's proposal on this basis.

We now turn to the evaluation of Omni's proposal under the management plan subfactor, where Omni's proposal earned 206 points out of 350 available points. The SEB identified Omni's transition team as a weakness under the phase-in element primarily because Omni proposed [DELETED] as key personnel in its transition team. The evaluators felt that having incumbent personnel on the transition team would inevitably cause interruptions to the continuity of the efforts under the current contract, and downgraded the proposal accordingly.

Omni argues that the weakness assigned its proposal because it offered incumbent personnel in its transition team was unreasonable because its proposal addressed the potential for work disruption during the phase-in period and outlined a strategy to mitigate any adverse effects of contract phase-in. Omni Comments, Aug. 16, 1999, at 24. Additionally, Omni contends that assigning the weakness was unreasonable because out of [DELETED] transition team members, Omni proposed using [DELETED] and proposed to offer a "right of first refusal" to [DELETED] other incumbent employees to assist during the phase-in process. <u>Id.</u> at 24-25.

Regarding the phase-in plan, the RFP instructed offerors as follows:

> The Offeror should provide details of the proposed procedures, methods and techniques to be used to continue the services at required performance standard during the phase-in period, including transitioning of current tasks. Specific areas of concern during the phase-in period are continuity of present work effort, adequacy of staffing levels and staff qualifications, and transition of existing collective bargaining agreement. The Offeror should address the transition of the present work effort to the proposed organization, the potential for work interruption and how it would be eliminated or minimized and technical hiring evaluation criteria and plan.

RFP § L.16, at L-8. The RFP further stated that the agency's primary areas of concern are "continuity of present work effort, adequacy of staffing levels and staff qualifications, timely transfer of existing tasks, mechanisms for making any off-site facilities operational and <u>minimizing work interruptions."</u> RFP § M.3, SUBFACTOR 2-MANAGEMENT PLAN (a) -Phase-In Plan, at M-2 (emphasis added).

Omni proposed [DELETED] as part of its transition team, and [DELETED] (both of which the RFP identified as critical tasks), [DELETED] AR, exh. 30, Omni Corp., vol. I--Mission Suitability, March 10, 1999, at 2-2. The agency explains that the SEB viewed Omni's proposal to have incumbent employees on its transition team as a weakness primarily because the duties of transition managers are not limited to after-hours contact with incumbent personnel, but include such activities as establishing contact with NASA managers and familiarization with the technical requirements and workloads in all areas of the required tasks.

It is undisputed that the purpose of the phase-in team is to ensure an orderly transition of the work from the incumbent contractor to the awardee. As such, the agency states that transition team members have responsibilities critical to the smooth transitioning of the incumbent effort to the new contract. We find reasonable the agency's position that incumbent employees, as Omni proposed, could not properly carry out those responsibilities simultaneously with their current duties. Further, although Omni proposed [DELETED] it was not unreasonable for the SEB to evaluate the proposal assuming that the [DELETED] would be employed by Omni and that Omni clearly intended to assign all [DELETED] individuals as key personnel on its transition team. Since [DELETED] of the employees Omni proposed on its transition team are employees on the incumbent contract, and given the responsibilities of the transition managers, we think that the evaluators reasonably concluded that incumbent employees could not be expected to perform all of their responsibilities, without some disruptions either to the effort under the existing contract, or to the transition tasks under the new contract, or both. Accordingly, we think that the evaluators reasonably considered Omni's proposed transition team a weakness under this subfactor.[10]

In contrast to Omni's and SCSC's proposal, the orientation section of IDI's phase-in plan clearly describes a very comprehensive approach that includes such topics of employee importance as [DELETED]. IDI's proposal also specifically states that [DELETED]. AR, exh. 12, IDI Mission Suitability proposal, vol. I, at I-50. The SEB thus found that by comparison to the protesters' proposals, IDI clearly understood the importance of orientation of its employees, and recognized this aspect of the proposal in the evaluation as a "[t]horough preparation for phase-in." as a strength. AR, exh. 20, supra, at 18.

Omni also contends that its proposal should have received a strength under the management plan factor for its cultural diversity plan. In this connection, Omni argues that it has had in place a cultural diversity plan for several years, and that the firm has been successful in increasing the minority component of its workforce. Omni Comments, Aug. 16, 1999, at 32.

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[10]Omni also challenges several other aspects of the evaluation under the management plan subfactor. For example, Omni objects to the assignment of a weakness to its proposal under the personnel management element because the evaluators found that Omni's proposal provided no assurance that the total compensation plan was adequate for exempt personnel. Omni also argues that its proposal should have earned a strength for its employee training plan. We have reviewed the record including Omni's arguments in this regard, and the agency's explanations and find the evaluation in this regard unobjectionable.

Regarding the cultural diversity plan, the RFP stated as follows:

> The Offeror's plan should include a strategy to achieve, maintain and manage cultural diversity among the entire staff, including management and supervisory positions. This plan should include recruiting plans and sources for under-represented groups and methods for achieving diversity goals.

RFP amend. 1, § L.16, at L-8 through L-9. Section M of the RFP further advised that the offeror's plan for achieving or maintaining cultural diversity among the entire staff, including management, would be evaluated based on the extent of the planned recruiting efforts and quality of the identified sources. Id. § M.3, at M-3.

The record shows that the SEB considered Omni's cultural diversity plan to meet the RFP's requirements, but noted nothing in the plan as exceptional or worth being identified as a strength. Specifically, the agency explains that Omni's proposal failed to present a strategy for achieving, maintaining or managing any particular goal among its staff. While the evaluators recognized that Omni's proposal generally addressed cultural diversity, the evaluators considered the discussion in this area to be lacking a "strategy" for achieving and maintaining cultural diversity.

Omni has not provided any persuasive argument that this aspect of the evaluation was unreasonable. The fact that Omni may have had in place a cultural diversity plan for several years, as it now asserts, and that the firm has been successful in increasing the minority component of its workforce, does not replace its obligation to provide in its proposal a sufficiently detailed discussion of a strategy to achieve, maintain, and manage cultural diversity among its entire staff as required by the RFP. Offerors are responsible for preparing their proposals in a manner that establishes that what is offered will meet the government's needs, and agencies are not obligated to search out omitted information or to credit offerors for information that they may have, but failed to submit with their proposal. Campbell Eng'g, Inc., B-231126, Aug. 11, 1988, 88-2 CPD ¶ 136 at 4. In view of the SEB's finding that there was nothing exceptional in Omni's cultural diversity plan worth noting, we think the agency was reasonable in not crediting the protester with a "strength" in this area.

Key Personnel Subfactor

SCSC's proposal earned 105 points under the key personnel subfactor. AR, exh. 20, supra, at 23. The SEB noted three strengths in SCSC's proposal--the logistics experience and impressive accomplishments of SCSC's proposed project manager; the extensive experience of SCSC's proposed management team; and that SCSC's entire management team is committed to the contract--none of which was deemed to be significant. Id. The SEB downgraded SCSC's proposal in this area primarily based on its finding of the limited educational qualifications and experience of the firm's proposed quality control/safety manager (QC/SM).

SCSC argues that two of the noted strengths--particularly the strength regarding its proposed project manager--should have been viewed as "significant." SCSC further argues that even though it recognizes that its proposed QC/SM is less experienced than her counterpart at IDI, that lesser experience did not justify assigning a weakness to the proposal which accounted for a reduction of 45 points in this area. SCSC Comments, Aug. 19, 1999, at 22, 29.

Section M of the RFP specifically stated that the offeror's proposed qualifications for each key position would be evaluated to determine how well the offeror understood the qualifications needed to ensure successful completion of tasks. RFP amend. 1, § M.3, SUBFACTOR 3, KEY PERSONNEL, at M-4. The record shows that the SEB concluded that the limited educational level and experience of SCSC's proposed QC/SM were not suited to that position. In particular, the SEB noted that the QC/SM's [DELETED], were of little relevance in a position that calls for quality control and safety duties. The agency further states that the position does not involve any [DELETED] responsibilities, rendering her training in [DELETED] irrelevant to the position. Given the limited qualifications of SCSC's proposed QC/SM, which SCSC does not dispute, and in light of the agency's explanation, we see no basis to object to the SEB's finding this a weakness in the proposal. Since the QC/SM is a key position, we find nothing inherently unreasonable in the SEB's deducting 45 points from the maximum number of points available under this subfactor in light of the identified weaknesses. The protester's argument that the weaknesses the SEB identified in its proposal with respect to its proposed QC/SM did not justify a 45-point deduction in its score reflects mere disagreement with the SEB's judgment as to how many points should have been deducted for the identified weakness, which does not establish that the evaluation was unreasonable. <u>Arsenault Acquisition Corp.; East Mulberry, LLC</u>, B-276959, B-276959.2, Aug. 12, 1997, 97-2 CPD ¶ 74 at 4.

SCSC also argues that its proposal should have earned a "significant" strength under the key personnel subfactor because of the extensive experience of its proposed project manager, [DELETED], including the fact that he is currently managing a contract similar in size and scope as the MOC-1 effort at the [DELETED]. SCSC points out that under [DELETED] management, that contract experienced a cost underrun, earned a [DELETED] percent cost incentive fee award, and achieved a [DELETED] percent performance score during its first year. SCSC Protest Letter, July 6, 1999, at 26; SCSC Comments, Aug. 19, 1999, at 22; Comments, Sept 10, 1999, at 34. SCSC also argues that its proposal deserved a "significant" strength for its highly experienced management team.

The RFP specifically stated that the level of commitment of the offeror's project manager would be evaluated. RFP amend. 1, § M.3, SUBFACTOR 3, KEY

PERSONNEL, at M-4. The agency explains that the SEB concluded that assigning a "significant" strength under the key personnel subfactor was warranted only if the entire management team was found to be highly qualified, and any aspect of the proposal "increased [the] probability of excellent performance." COS, Aug. 6, 1999, ¶ 3.33.

The evaluation record shows that the SEB recognized SCSC's proposed project manager's qualifications, assigning the proposal a strength on this basis, but concluded that assigning a "significant" strength was not warranted. The agency points out that the evaluators were mindful of the fact that SCSC provided no assurance that key personnel proposed at the inception of the contract, such as [DELETED], would remain working on the MOC-1 effort. In support of the evaluators' concern, the agency points out that SCSC proposed [DELETED]. Given that the SEB found that SCSC's proposed QC/SM was not "highly qualified," and that SCSC provided no assurance that [DELETED] would be committed to this effort for the entire duration of the contract,[11] we think that the SEB reasonably found that while SCSC's proposal warranted a strength for its key personnel, that strength was not "significant."[12]

SCSC also maintains that the SEB artificially inflated IDI's score in this area because it assigned the awardee's proposal 101 points, even though the SEB found IDI's project manager's lack of task specific experience a weakness in IDI's proposal, as well as noting weaknesses in other key personnel. The agency explains that the evaluators did not view IDI's proposed project manager's lack of task specific experience to be a significant weakness because he has extensive management experience with other types of tasks. COS, Aug. 6, 1999, ¶ 3.35. In addition, the agency points out that IDI's proposed project manager's subordinates each have such task specific experience. In view of the extensive task specific experience of

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[11]SCSC asserts that [DELETED] signed a commitment letter pledging 100 percent of his time to the MOC-1 effort. Although he has pledged 100 percent of his time to the effort, [DELETED] commitment clearly does not provide any assurance that he would remain assigned to the MOC-1 effort for the entire period of the contract. Thus, contrary to the protester's assertion, [DELETED] commitment letter does not overcome NASA's concern.

[12]SCSC relies on our decision in J.A. Jones Management Servs., Inc., B-254941.2, Mar.16, 1994, 94-1 CPD ¶ 244, to suggest that the agency improperly downgraded its proposal under the key personnel subfactor because it "double counted" the weakness related to its proposed QC/SM by also attributing that weakness to its project manager. Except for its unsupported assertion, the protester has not shown, and there is no evidence in the record showing, that the evaluators improperly "double counted" this weakness.

the project manager's subordinates, we think that the SEB reasonably concluded that this area of the proposal did not appreciably increase the risk of unsuccessful performance, and thus did not constitute a "significant" weakness. Accordingly, we have no basis to object to the overall assessment of IDI's proposal in this area.

Turning now to the evaluation of Omni's proposal, where the proposal received only 38 of 150 available points, Omni argues that the SEB improperly failed to consider the key personnel information contained in 8 pages of its mission suitability proposal (volume I) because the evaluators erroneously concluded that Omni had exceeded the page limitation established in the RFP for that volume. Omni asserts that the pages that NASA failed to evaluate contained critical information required by the RFP including its rationale for selecting key personnel, its methods for ensuring that key personnel are in place at contract inception, its approach to personnel replacement, and the resumes, commitments and salaries. Omni Comments, Aug. 16, 1999, at 4, 20.

As relevant to this aspect of Omni's protest, the RFP established a limit of 100 pages for the mission suitability proposals (volume I). RFP § L.9.a, at L-4. The agency concedes that the SEB "erroneously failed to read or evaluate 8 pages of Omni's proposal applicable to the key personnel subfactor," because the evaluators mistakenly concluded that Omni's proposal exceeded the page limitation. AR, Aug. 6, 1999, at 13-14. NASA states, however, that based on the portions of the proposal evaluated, the SEB found Omni's proposed low qualification requirements and compensation package for its management team to be a major weakness.[13] NASA contends that given that major weakness, the overall rating of "good" assigned Omni's proposal in the mission suitability area could not have improved even if the information contained in the unevaluated pages had been considered. Id. at 15.

In addition, the agency states that even if Omni's proposal received the maximum number of points available for this subfactor, its mission suitability score would have increased only 112 points, from 514 to 626 points, COS ¶ 3.29; its proposal would have remained within the "good" range of adjectival ratings;[14] and its proposal's total

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[13]In this connection, the RFP incorporated by reference FAR § 52.222-46, Evaluation of Compensation for Professional Employees, which requires offerors to provide a total compensation plan setting forth salaries and fringe benefits proposed for professional employees. RFP § L.1, at L-1. Omni's argument that the evaluators did not read the section of its proposal relevant to this major weakness is without merit. The record shows that the SEB evaluated this portion of Omni's proposal and reasonably concluded that Omni's qualification criteria for various key managerial positions and their corresponding salaries were too low.

[14]Within the mission suitability factor, the SEB reached a consensus on point scores and adjectival ratings based on the following scheme: excellent (91-100 percent); very good (71-90 percent); good (51-70 percent); fair (31-50 percent); poor (0-30

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point score under the mission suitability factor would remain 211 points below SCSC's proposal (which earned 837 points) and 263 points below IDI's proposal (which earned 889 points), the two highest scoring proposals.

In further support for its position, the agency has provided a declaration from the SSA who states that after Omni filed this protest he was advised of the error in the evaluation of Omni's proposal and was asked whether he would have considered Omni's proposal for award of the MOC-1 contract if it had received the maximum number of points available under the key personnel subfactor (i.e., 150 points). The SSA states that he considered the question in light of the results of the overall evaluation of SCSC's and IDI's proposals and the relative ranking of Omni's proposal. The SSA concludes that he "would not have considered Omni to be a serious candidate for award even if it had received the entire 150 points available under Key Personnel." AR attach., Declaration of Donald J. Campbell, Aug. 3. 1999, at 2.

Omni relies on our decision in Boeing Sikorsky Aircraft Support, B-277263.2, B-277263.3, Sept. 29, 1997, 97-2 CPD ¶ 91, to argue that the SSA's post-protest written determination was prepared in the heat of the adversarial process and should not be accorded any weight, and that the SSA's reevaluation does not recognize the strengths Omni's proposal would have received had NASA properly evaluated its proposal. We disagree.

The Boeing case involved a post hoc reevaluation and cost/technical tradeoff late in the protest process where no tradeoff had been made during the initial source selection. Further, the agency continued to assert there was no error, but in order to immunize itself against losing the protest, submitted a reevaluation that it argued was not necessary. Unlike the situation here, the substantial nature of the agency's errors and the resulting closeness of the proposals meant that, after the errors were corrected in Boeing, the outcome was not clear. We thus concluded that it was not appropriate to give weight to the agency's after-the-fact decisional materials prepared for the purpose of ensuring that our Office would conclude there was no prejudice to the protester.

In our view, the Boeing decision does not require that we disregard the SSA's post-protest determination here. As the SSA points out, even if the SEB had accorded

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percent). For example, a proposal rated "good" could receive a point score between 51 and 70 percent of the maximum total point scores available for the factor or subfactor. Under this scheme, if Omni's proposal were rated "excellent" and received 150 points under the key personnel subfactor, its total score under the mission suitability factor would increase to 626 points which is 63 percent of 1000, and is within the "good" adjectival range.

Omni's proposal the maximum number of points available under the key personnel subfactor, its total score under the mission suitability factor would not surpass the scores of the two highest-rated, slightly higher cost, proposals of SCSC and IDI by a relatively wide margin. In fact, the record shows that Omni's total point score under the mission suitability factor would remain lower than the scores of six other offerors' proposals. AR, exh. 20, supra, at 28. In addition, the SSA's statement points out that an adjustment to the score assigned to Omni's proposal under the key personnel subfactor would not affect its adjectival "good" rating under the REPP factor. That rating is one adjectival rating lower than that assigned IDI's proposal (very good) and two adjectival ratings below that assigned SCSC's proposal (excellent) under that factor. NASA further points out that Omni's probable cost of $98.8 million was only approximately $300,000 lower than IDI's probable cost of $99.1 million, and only $1.6 million lower than SCSC's probable cost of $100.4 million.

In short, there is nothing in the record here to support a conclusion that the resulting 112-point change in Omni's mission suitability score, standing alone, would materially alter the agency's cost/technical tradeoff decision. Instead, we think that when considered in light of Omni's marginal cost advantage over IDI's proposal and when compared to the other higher-rated proposals, the resulting increase of 112 points on a 1000-point scale, while not necessarily de minimis, is not sufficient to show that the SSA's conclusion--that he would not have considered Omni a serious candidate for award--is unreasonable. See Marathon Watch Co. Ltd., B-281876, B-281876.2, Apr. 22, 1999, 99-1 CPD ¶ 89.

REPP evaluation

SCSC contends that the strengths accorded its proposal under the REPP factor should have been considered "significant." In this regard, SCSC further argues that the SSA did not consider the full extent of the advantage of SCSC's proposal over IDI's in this area.

Competitive prejudice is an essential element of every viable protest. Diverco, Inc., B-259734, Apr. 21, 1995, 95-1 CPD ¶ 209 at 3. Our Office will not sustain a protest unless the protester demonstrates a reasonable possibility that it was prejudiced by the agency's actions, that is, unless the protester demonstrates that, but for the agency's actions, it would have had a substantial chance of receiving the award. McDonald-Bradley, B-270126, Feb. 8, 1996, 96-1 CPD ¶ 54 at 3; see Statistica, Inc. v. Christopher, 102 F.3d 1577, 1581 (Fed. Cir. 1996). For the agency's actions to be prejudicial here, there must be some showing that had the agency in the evaluation considered any of the strengths identified in SCSC's proposal under this area as "significant," its proposal would have received a better overall assessment under the REPP factor. There is no such indication in the record.

Even assuming that the evaluators had considered any of the strengths SCSC points to as "significant," SCSC's overall rating of "excellent" under this factor could not have improved. Moreover, given IDI's overall higher score under the mission suitability factor and its lower total evaluated cost, there is no basis to conclude that the SEB's finding a strength in SCSC's proposal "significant" under this factor would have materially affected the award decision.

With respect to the evaluation of Omni's proposal in this area, Omni argues that NASA unreasonably penalized Omni for following the RFP's instructions. In this connection, Omni contends that the SEB improperly downgraded its proposal because Omni failed to submit information in its REPP volume concerning the experience of its "minor subcontractors," which, if considered by the SEB, would have shown that Omni had the requisite experience. Omni also argues that rather than assigning a weakness, the SEB should have given its proposal a "neutral" rating in accordance with FAR § 15.305(a)(2)(iv), which provides that "[i]n the case of an offeror without a record of relevant past performance or for whom information on past performance is not available, the offeror may not be evaluated favorably or unfavorably on past performance." Based on our review of the record, we disagree with Omni on both counts.

The RFP provides that

> The Offeror's experience will be evaluated to determine how familiar the Offeror is with the tasks and terms and conditions similar to those contained in sections A through J of this RFP. Generally, the more experience the Offeror has, the higher the rating it will receive. . . . Also, more importance will be placed on experience with the more critical tasks of imaging technology (Task 2.0) and metrology (Task 4.0). If the Offeror has no experience, the evaluation will result in a neutral rating.

RFP amend.1, § M.3, FACTOR 3--RELEVANT EXPERIENCE AND PAST PERFORMANCE, at M-5. The RFP further stated that if the offeror proposes "major subcontracting," its experience and success in managing large subcontracts will be evaluated. Id.

The RFP clearly placed offerors on notice that their experience would be evaluated and emphasized that the agency would place more importance on experience with two critical tasks--imaging technology and metrology. The record shows that the evaluators concluded that Omni had simply failed to provide evidence of such experience with respect to those specific tasks, noted it in the evaluation as a weakness, and reasonably assigned Omni's proposal an overall adjectival rating of "good" under the REPP factor. Further, contrary to the protester's argument, the RFP did not prohibit offerors from submitting evidence of their "minor" subcontractors' experience in these areas. Thus, Omni's argument that it was improperly penalized for its failure to submit such information is without merit.

Omni's other argument--that in the absence of such specific experience, the SEB should have assigned its proposal a "neutral" rating--is equally meritless. The SEB assigned Omni's proposal an overall adjectival rating of "good" under the REPP factor based on its evaluation of Omni's REPP volume, placing an emphasis on Omni's lack of demonstrated experience in the two critical tasks identified in the RFP (imaging technology and metrology). In this regard, the SEB noted that Omni's proposal generally exceeded the RFP's minimum requirements in this area, but demonstrated limited relevant experience in the critical tasks. As noted above, the rating scheme applied by the SEB prescribed a rating of "good" to reflect an approximate mid-point (51-70 percent) between poor and excellent in any particular area. Given the SEB's evaluation scheme, and since an overall rating of "good" is more favorable than a "neutral" rating, we fail to see how Omni was prejudiced by the agency's decision to assign a "good" rather than a "neutral" rating under this subfactor.[15]

Proposed Costs

The agency made a net upward adjustment to SCSC's costs of $2.3 million, in part to account for unacceptable reductions in proposed staffing for task 7.0 (clerical support). As a result of that adjustment, the agency calculated SCSC's total proposed costs as $100.4 million, including target fees. AR, exh. 20, supra, at 36. SCSC argues that the agency unreasonably adjusted its proposed costs upward because the agency improperly rejected SCSC's staff reductions for task 7.0.[16]

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[15]In a supplemental protest, Omni points to the final SEB's REPP committee report to argue that the agency failed to evaluate its proposal in three areas under the REPP factor (description of past partnering arrangements; involvement or experience with ISO-9000; and lessons learned and successes in managing similar efforts). Our review of the record shows, however, that the individual evaluators considered these aspects of Omni's proposal, but simply concluded that there was no particular strength or weakness worth noting in the REPP subcommittee's final report. Omni also maintains that NASA identified, but then improperly ignored, weaknesses in IDI's proposal regarding alleged cost overruns related to its performance of a contract at NASA's Johnson Space Center (JSC). Contrary to the protester's assertion, however, the record shows that in response to an inquiry by the REPP evaluation subcommittee chairperson to clarify this point, JSC stated that there were no cost overruns, and that, in fact, IDI had achieved cost underrun on that contract. Omni's arguments in this regard are therefore without factual basis.

[16]In a supplemental protest, SCSC argues that the total evaluated cost for IDI presented to the SSA was approximately $200,000 less than that determined by

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As relevant to this aspect of SCSC's protest, the RFP contained historical data, including information on incumbent staffing for all of the required tasks. RFP attachment M. The agency explains that task 7.0, clerical support, is unique in that it calls for direct services to various NASA functions and organizations which provide funding for each position from their respective budgets. Under the current contract, these tasks are performed by dedicated personnel located within the various NASA organizations supported. AR at 17; COS, Aug. 6, 1999, ¶ 3.39.

The agency states that NASA has previously attempted to reduce staffing, particularly clerical support, by using pools and other cross-utilization methods, but has been unsuccessful because its efforts have been unacceptable to the using organizations. COS ¶ 3.39. Consequently, the RFP specifically stated that staffing levels in the area of clerical support would "remain constant," highlighted that any changes under the contract would be requested by the issuance of a task order, and warned that "[t]he Contractor shall not unilaterally reduce personnel in any of [the clerical support] tasks." RFP § C, Task 7.0 CLERICAL SUPPORT, at C-116.

SCSC proposed reductions in staffing from historical levels of approximately 16 full-time equivalent (FTE) positions, including approximately [DELETED] FTEs for clerical support. SCSC recognized in its proposal that the agency's previous attempts to pool clerical personnel have not been favorably received by most of the customers. SCSC proposal, vol. I, Scheduled Clerical Support Tasks (Task 7.2-7.14) at 21. Notwithstanding this acknowledgment, however, SCSC stated in its proposal that it would achieve the proposed staffing reductions through [DELETED]. Id. at 22. SCSC did not explain how it arrived at those reductions; nor did it explain how its method of achieving the staffing reductions in the clerical support area would overcome the known objections previously raised by the funding organizations.

The SEB reviewed SCSC's proposed staffing reductions and concluded that SCSC had not provided an adequate rationale for the proposed staffing reductions for task 7.0. In particular, the evaluators found that SCSC's proposal failed to adequately

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NASA's cost evaluation committee. The agency explains that SCSC mistakenly relies on a dollar amount generated by an automated spreadsheet programmed to calculate award fees as a percentage of total costs. As a result of the agency's upward adjustment to IDI's costs, the spreadsheet program automatically adjusted associated fees by a proportionate amount, in contravention of the RFP's language which explained that proposals would be evaluated based on total probable cost, proposed target fees, and the total proposed award fee. Prior to presentation to the SSA, the SEB limited allowable award fees to the amount proposed by each offeror. Accordingly, by evaluating IDI's proposal on the basis of its probable costs and actual proposed fees, the SEB acted in accordance with the RFP.

discuss how the firm would address the concerns of the various customers using clerical support services under the contract. Accordingly, the SEB made an upward adjustment to SCSC's proposed costs totaling $2.3 million to reflect adding back the staff reductions, including the reductions under task 7.0.

SCSC takes issue with the agency's rationale in support of the upward adjustment for task 7.0, arguing that its proposed staffing reductions for that task reflect the desires of the funding organizations at GRC. SCSC Comments, Aug. 19, 1999, at 36. Specifically, SCSC contends that each of its proposed reductions for the various elements of task 7.0 was based on suggestions by the user organizations on how their needs may be fulfilled more efficiently and on the experience of the current supervisor of the clerical services department at GRC.

When an agency evaluates proposals for the award of a cost-reimbursement contract, an offeror's proposed estimated cost of contract performance is not controlling, since it is only an estimate and may not provide a valid indication of the final actual cost the government will be required to pay. See General Research Corp., B-241569, Feb. 19, 1991, 91-1 CPD ¶ 183 at 5. Consequently, a cost realism analysis must be performed by the agency to determine the extent to which an offeror's proposed costs represent what the contract should cost, assuming reasonable economy and efficiency. FAR § 15.404-1(d)(2); ManTech Envtl. Tech., Inc., B-271002 et al., June 3, 1996, 96-1 CPD ¶ 272 at 8. Because the contracting agency is in the best position to make this cost realism determination, our review of an agency's exercise of judgment in this area is limited to determining whether the agency's cost realism analysis is reasonably based and not arbitrary. Grey Adver., Inc., B-184825, May 14, 1976, 76-1 CPD ¶ 325 at 17-18, 27-28.

Based on our review of the record, we conclude that the agency's cost realism analysis and upward adjustment of SCSC's proposed costs was reasonably based. In determining to adjust SCSC's costs, the SEB reviewed SCSC's proposal and considered the impact SCSC's proposed staffing reductions would have on the various organizations that would use the clerical support services under the MOC-1 contract. In general, the SEB found that task 7.0 was essentially a level-of-effort requirement, wherein the requiring organizations fund a desired set number of personnel based upon their available funding and needs. AR, exh. 19, Pricing and Audit Data for MOC-1, at 2. The evaluators found that "[n]o offeror has provided rationale for reductions which specifically address the desires of the funding organization." Id. In other words, the SEB found that although SCSC acknowledged in its proposal that previous attempts to pool clerical personnel had not been successful, SCSC had provided no explanation of how the firm intended to address the concerns of the user organizations which had previously objected to staffing reductions, particularly in the clerical support area.

SCSC asserts in its comments that the proposed reductions were based on feedback it received from the funding organizations. SCSC Comments, Aug. 19, 1999, at 37. In support of its assertion, SCSC has provided a declaration from [DELETED], the current supervisor of the clerical services department at GRC. [DELETED]. However, there is no indication in SCSC's proposal that its staffing reductions were based on either [DELETED] as SCSC now maintains. For example, for one position where SCSC proposed a reduction of .75 FTE (Code 5000 Senior Scientist Group), the proposal simply states that [DELETED]. SCSC does not explain, however, how [DELETED]. Nor does SCSC's proposal explain how [DELETED]. More importantly, notwithstanding the agency's concerns as expressed in the RFP, SCSC's proposal failed to explain how SCSC arrived at its proposed FTEs; nor does the proposal explain how some apparently unrelated [DELETED] could be combined. Since, based on its experience, the agency expected that any proposed staffing reductions in the clerical support area would be met with continued objections from the user organizations, and since the agency is ultimately responsible for paying the actual costs of additional clerical personnel, we think that the agency's unwillingness to accept SCSC's staffing reductions in that area, is unobjectionable.

Cost/Technical Tradeoff

The objections raised by SCSC and Omni to the cost/technical tradeoff are predicated on the assumption that it was defective because it resulted from defective underlying technical and price evaluations. As discussed above, we conclude that the evaluation of proposals was reasonably based. Given our conclusion, there is no basis to object to the tradeoff decision on the grounds asserted by the protesters.

The protests are denied.

Comptroller General
of the United States